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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 03/14/06

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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, March 13

NIHON KEIZAI (Page 2) (Full)

March 14, 2006

10:31

Arrived at Kantei.

11:00

Met with former New York Mayor Giuliani, joined by Foreign Ministry North America Affairs Bureau Director-General Kawai.

12:02

Attended a liaison council meeting of the government and the ruling parties. Afterwards, met Foreign Minister Aso.

14:00

Met State Minister in Charge of Measures for Declining Birthrate Inoguchi, Cabinet Office Policy Officer Hayashi, and Gender Equality Bureau Director-General Natori. Later, met State Minister in Charge of Financial Affairs Yosano and Council on Economic and Fiscal Policy members Honma and Yoshikawa.

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15:00

Met Deputy Foreign Minister Yabunaka. Afterwards, met Environment Minister Koike, Global Environment Bureau Director-General Kobayashi, and Deputy Assistant Chief Cabinet Secretary Saka.

17:02

Attended an executive meeting in Diet.

17:41

Met Administrative Vice Finance Minister Hosokawa at Kantei.

18:30

Met Finance Minister Tanigaki, Vice Finance Minister Hosokawa, Vice Finance Minister for International Affairs Watanabe, and Budget Bureau Director-General Fujii.

18:55

Had a haircut at the barbershop at Capitol Tokyo Hotel.

21:10

Arrived at official residence.

4) Poll: 81% see social divide as widening; 56% attribute expanding gap to Koizumi reforms

YOMIURI (Page 2) (Full)

March 14, 2006

An overwhelming 81% of the Japanese public think income and other economic disparities are expanding, the Yomiuri Shimbun found from its face-to-face nationwide public opinion survey conducted March 11-12. The proportion of those who do not think so was no more than 16%. Among those who think the social divide is widening, 56% attributed the expanding gap to Prime Minister Koizumi's structural reform drive, with 40% saying it has nothing to do with the premier's restructuring initiative. The poll shows a majority of the nation sees the widening gap as a 'shadow' of the structural reforms.

In the survey, respondents were also asked if they thought they could overcome economic disparities if they work hard. In response to this question, "no" accounted for 59%, with "yes" at 39%.

"The winning and losing sides must not be fixed," Koizumi stated in his recent Diet reply. "Anyone losing one day must be given another chance to win the next day," the premier added. However, many people seem to think that the gap has become fixed. Among those who do not support the Koizumi cabinet in particular, 69% do not think the gap can be overcome.

Poll: Cabinet support rate at 54.9%

YOMIURI (Page 2) (Full)
March 14, 2006

The Koizumi cabinet's support rate was 54.9% in a face-to-face nationwide public opinion survey conducted by the Yomiuri Shimbun on March 11-12. The figure was up 1.4 points from the last survey taken in February. Its approval rating continued slipping from December last year. In the latest survey, however, it rose for

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the first time in four months. The nonsupport rating was 35.9 % , down 0.3 points.

In the breakdown of public support for political parties, the ruling Liberal Democratic Party stood at 42.3%, up 3.0 points from the 39.3% rating in the last survey. The leading opposition Democratic Party of Japan (DPJ or Minshuto) was at 11.1%, down 2.2 points from the 13.3% rating in the last survey. The DPJ's support rate was the lowest level ever since DPJ President Maehara took the helm of his party in September last year. It can be taken as reflecting the DPJ's sustaining of a blow from the party's email fiasco.

5) Prime Minister Koizumi likely to visit US, possibly in late June

NIHON KEIZAI (Page 1) (Full)
March 14, 2006

The Japanese and US governments have launched coordination to arrange a visit by Prime Minister Junichiro Koizumi to the United States, possibly in late June, for a summit with President George W. Bush. If realized, this visit would be the prime minister's last tour of the US in office, as he has declared he will step down in September, when the tenure of his presidency of the Liberal Democratic Party (LDP) expires. The prime minister will reconfirm the relationship of trust with President Bush, as well as the importance of the Japan-US alliance.

The Japanese side has sounded out the US side about a prime ministerial visit to the US on June 18 or after, when the current session of the Diet wraps up. US Ambassador to Japan Thomas Schieffer has invited the prime minister to make an official visit to the US. The prime minister is expected to be treated as a state guest in the same way as the Emperor.

There have been 13 meetings between Koizumi and Bush, including their last one in Kyoto last November. On the agenda will be the realignment of US forces in Japan, North Korea's nuclear ambitions, the strained Japan-China relations, and the Asian situation.

On the US force realignment, the two governments are trying to come up with a final report by the end of March. In the planned meeting, both leaders will discuss cooperation in the security area, including the US military transformation. Japan is making preparations for a pullout of Ground Self-Defense Force (GSDF) troops from Iraq in the first half of this year. Assistance for the reconstruction of Iraq from a medium- and long-term perspective after the withdrawal of GSDF troops will also be on the agenda for the summit. Whether to resume US beef imports is likely to be left as an outstanding issue until then.

6) British defense secretary announces plan to withdraw 800 troops in May from southern Iraq, possibly including Samawah

YOMIURI (Page 2) (Full)
March 14, 2006

Keiko Iizuka, London

British Defense Secretary John Reid announced March 13 that

Britain would withdraw about 800 troops from southern Iraq in May to keep the troop level at 7,000. Reid had explicitly said Britain would begin pulling out troops from areas relatively stable. It is certain that Muthanna Province, including Samawah where Self-Defense Force troops have been carrying activities, is subject to the planned pullout. British forces' moves are likely to have an impact on the SDF's withdrawal plan.

7) Yachi: Difficult to begin pulling out GSDF troops from Samawah in late March

YOMIURI (Page 2) (Full)
March 14, 2006

Touching on the timeframe for withdrawing Ground Self-Defense Force troops from southern Iraqi city of Samawah, Vice Foreign Minister Shotaro Yachi said in a press conference yesterday:

"The situation does not allow an immediate pullout of troops from Samawah. In view of the political process (including the establishment of a new government) and the security situation, the stage has not been set."

Yachi thus revealed the view that it would be difficult for Japan to begin withdrawing GSDF troops in late March, as originally planned.

8) Transfer of US carrier-borne fighter jets to Iwakuni; No change in plan, says prime minister; Abe - "Why referendum now?"

SANKEI (Page 2) (Excerpts)
March 14, 2006

Iwakuni, Yamaguchi Prefecture, carried out a referendum over whether to accept the relocation of US carrier-borne jets to the city. The number of voters who cast a negative vote has largely exceeded those who voted in favor of it. Commenting on the results, Prime Minister Junichiro Koizumi categorically said: "The same results would be obtained in referendums on military bases anywhere. That is the difficult point on security issues." He then stated that there would be no change in the relocation plan. The comment was made in reply to a question asked by reporters at the Prime Minister's Official Residence. Many government officials and ruling party members are skeptical about the referendum held by Iwakuni.

Chief Cabinet Secretary Shinzo Abe during a press conference the same day noted, "If Japan and the US reach an agreement in talks, then it will basically be a final decision." He thus ruled out the possibility of the referendum affecting future bilateral talks. He expressed his displeasure, noting: "Those who were negative toward holding a referendum did not vote. The merger of Iwakuni and nearby municipalities is to take place shortly. Many residents in the vicinity of Iwakuni are skeptical about holding of a referendum at such a time."

Liberal Democratic Party (LDP) Secretary General Tsutomu Takebe told a news conference, "I am concerned about the trend of giving priority to local communities' wishes regarding the security issue spreading." He thus expressed a strong concern over the result of the referendum this time spilling over into other affected communities, such as Okinawa.

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9) Government, ruling coalition to seek Iwakuni's understanding following plebiscite

YOMIURI (Page 2) (Full)
March 14, 2006

The government and ruling parties are visibly baffled by Iwakuni's plebiscite on Sunday in which a vast majority rejected

the government's plan to relocate carrier-borne aircraft from the US Navy's Atsugi base to the air station in the city. But many expressed their determination to continue seeking Iwakuni's understanding. Some opposition members criticized the government for a lack of explanation and other factors, one saying, "The government should respect the outcome of the referendum."

Before reporters at his official residence last night, Prime Minister Junichiro Koizumi played up his determination to continue working hard to obtain the understanding of Iwakuni for producing a final report on the realignment of US forces in Japan by the end of this month.

The Iwakuni plebiscite has not prompted the government to change its policy.

Minshuto (Democratic Party of Japan) President Seiji Maehara delivered a speech in Tokyo in which he rapped the government, saying, "The government drove Iwakuni into the plebiscite, which was a serious mistake."

10) Burst of criticism of plebiscite over Iwakuni relocation issue in LDP; "Question itself is questionable," LDP member says

MAINICHI (Page 5) (Full)
March 14, 2006

The plebiscite held by Iwakuni City, Yamaguchi Prefecture, on the planned relocation of US carrier-based aircraft to the city ended up with a vast majority of residents voting against the move. This has led to a welling up of criticism of the referendum itself in the Liberal Democratic Party (LDP). LDP Upper House Caucus Secretary General Toranosuke Katayama commented: "It's improper to hold a plebiscite on security and defense issues. There is a growing momentum of self-determination votes in municipalities with grand mergers of cities, towns, and villages having occurred since the beginning of 1989. In recent years, the number of regional referendums has been on the sharp increase. Meanwhile, an argument simmering in the political world is that it is questionable to hold a plebiscite over such matters as foreign and security policies. (Iwakuni City's) referendum has now helped revive this kind of criticism.

11) Prime Minister Koizumi: "It's difficult"

MAINICHI (Page 5) (Full)
March 14, 2006

Prime Minister Junichiro Koizumi late yesterday was asked at his official residence by reporters about the result of Iwakuni City's plebiscite. He said: "Residents anywhere would say no if they are asked whether to allow the presence of a base. That's why security matters are difficult. It's indeed difficult to keep

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a balance between regional and national issues."

12) Growing trend of referendum is a matter of concern

MAINICHI (Page 5) (Full)
March 14, 2006

At a meeting yesterday of the liaison council of the government and the ruling parties, Liberal Democratic Party (LDP) Secretary General Tsutomu Takebe complained: "The result is regrettable indeed. I'm concerned that a trend of prioritizing local logic over security issues will spread across the country." LDP Upper House Caucus Secretary General Toranosuke Katayama also criticized Iwakuni Mayor Katsusuke Ihara, who held a plebiscite, noting: "The right thing to do is for the head of local government and the chairman of the local assembly to deal with the issue."

A referendum is a general vote by residents on certain issues involving a local government. Under the law, a referendum is allowed only when issues concern, for instance, a dissolution of

a local assembly, a resignation of the head of a local government and an establishment of a council on merger. In the event of asking residents about certain policy measures, a referendum should be held after establishing an ordinance. The referendum has no binding force.

13) US frustrated with stymied local coordination over USFJ realignment, calls for Japan to initiate political leadership

ASAHI (Page 2) (Abridged)
March 14, 2006

Washington, Yoichi Kato

Japan and the United States are now in the final phase of intergovernmental talks over the planned realignment of US forces in Japan to release a final report by the end of this month. In the meantime, however, the US government is increasingly fretting over the Japanese government's taking time to obtain local consent. As it stands, Washington is concerned about the bilateral alliance's possible destabilization. One US government official fears that the two countries may not be able to carry out their realignment plans agreed to in an interim report, which was released in October last year and incorporates burden-lessening measures such as to moving US Marines from Okinawa to Guam. Washington is calling for Tokyo to take the initiative in forging a final settlement along with the interim report.

"Our Japanese counterparts were under pressure to comply with local calls," says a US government official who attended the recent Hawaii round of working-level consultations held until March 11 over the US military presence's realignment. With this, the official voiced his frustration, noting that the realignment talks have not been based on strategic needs.

Washington wonders why the Japanese government has effectively given a veto to local governments. This lies behind Washington's distrust. The US government is urging the Japanese government to make a decision on its security policy in consideration of national interests.

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In the interim report released last October, however, the Japanese government committed itself to thorough coordination with local governments through cabinet ministers in the process of making specific realignment plans. The United States is now asking Japan to carry out this commitment. The Japanese and US governments also ran into rough waters over the planned relocation of Futenma airfield in Okinawa Prefecture. Eventually, the two governments agreed to relocate the airfield's heliport functions to a coastal area of Camp Schwab in the island prefecture. "We agreed to do so because Defense Agency Director General Ono at the time said it's possible." With this, one US government official underscored the Japanese government's responsibility.

In the meantime, the US government remains flexible, saying it will consider rectifying the agreed relocation plan if it meets the US military's requirements.

14) Interim report modification holds key

ASAHI (Page 2) (Abridged)
March 14, 2006

The Japanese government remains committed to working out a final report on the realignment of US forces in Japan by the end of March, following up on the interim report released last fall. However, the question is whether the Japanese government can revise each specific realignment plan incorporated in the interim report if it tries to complete local coordination within the remaining timeframe. However, the Japanese and US governments still differ on the issue of burden sharing in terms of the costs of an agreed plan to move US Marines from Okinawa to Guam. Some government officials are now beginning to hint at foregoing this

realignment plan.

The city of Iwakuni in Yamaguchi Prefecture polled its residents on March 12 over the advisability of accepting the planned relocation of US carrier-borne fighter jets to a local base. As a result, a majority of Iwakuni's citizenry voted "no" to that realignment plan. The government therefore cannot expect the city to consent to the plan by the end of March.

Another focus is on the issue of relocating Futenma airfield in Ginowan, Okinawa Prefecture, to the island prefecture's northern coastal city of Nago. In this case as well, the Nago city municipal government is seeking to modify the government plan. "We may have to make some concessions on the current plan," said an executive of the New Komeito party, a coalition partner of the ruling Liberal Democratic Party. "The question is whether the prime minister will agree to do so," he added.

15) US wants Japan to pay 75% of 10-billion-dollar cost of relocating US Marine Corps in Okinawa to Guam

SANKEI (Page 1) (Full)
March 14, 2006

The full details of the cost of relocating US Marines stationed in Okinawa to Guam, which the US government presented during the bilateral working-level talks to discuss the realignment of US forces in Japan, were unveiled yesterday. The US side called on Japan to shoulder 75% of the total cost of the relocation, which

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comes to approximately 10 billion dollars (approximately 1.175 trillion yen), covering five items, including the construction of a command center and infrastructure. It was also learned that the US indicated it would reject the idea of a meeting of the Japan-US Security Affairs Consultative Committee, referred to as the "2-plus-2," to reach a final agreement, unless an agreement is obtained from affected local communities, such as Okinawa.

The talks were held March 7-11. During the talks, the US side presented the costs of relocating US Marines in Okinawa to Guam, by dividing the spending items into five: (1) operational facilities, including a command center; (2) barracks and related facilities, such as a gymnasium; (3) family houses and lodgings; (4) the construction of infrastructure, such as roads, electricity, and water-supply system; and (5) the construction of a road system linking the base with a port.

The US had previously informed Japan that the estimate of the total cost of the planned transfer would be approximately 8 billion dollars (940 billion yen), but it now explained that the estimate had risen to 10 billion dollars as a result of detailed calculations. Chances are that the total costs presented this time will most likely increase further, because the cost of creating a road system outside the base has not been included. The cost of the construction of facilities for training of Self-Defense Forces personnel in Guam has not been included, either.

The US has called on Japan to shoulder 75% of the total costs, or 881.2 billion yen. The Japanese side asked the US to adopt a loan system for the construction of family houses, seeking repayment of the cost from the US. The two countries will reexamine the details of Japan's share and the loan system at the next round of the working-level talks. A final settlement will likely be reached on a political level.

16) Testimony by Yoshino called for over "secret pact"

MAINICHI (Page 2) (Full)
March 14, 2006

In yesterday's House of Councillors Budget Committee session, Minshuto (Democratic Party of Japan) lawmaker Toshio Ogawa and Social Democratic Party head Mizuho Fukushima sought testimony by former Foreign Ministry American Bureau chief Bunroku Yoshino of Yokohama, who had indicated to the Mainichi and others that Japan

and the US concluded a secret pact over the return of Okinawa in 1972. Board members will discuss at a later date whether to summon Yoshino to the Diet.

The board meeting also plans to discuss whether to ask the government to disclose the following: (1) a breakdown of the 320 million dollars Japan had paid to the US at the time of the Okinawa reversion; (2) data on talks on the reversion of Okinawa kept by the Foreign Ministry and the Finance Ministry; and (3) documents to prove that the US paid 4 million dollars to Japan.

17) Taku Yamasaki meets with Kim Dae Jung, other key officials in South Korea

YOMIURI (Page 4) (Full)
March 4, 2006

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Former Liberal Democratic Party Vice President Taku Yamasaki yesterday made a day-trip to South Korea. In Seoul, he met separately with former President Kim Dae Jung, pro-government Uri Party chairman Chung Dong Young and former Grand National Party Secretary General Li Sang Tuk. Kim reportedly plans to visit

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North Korea shortly. Yamasaki appears to have exchanged views with them on the improvement of strained bilateral relations due to Prime Minister Koizumi's visits to Yasukuni Shrine and measures to find a breakthrough on the North Korean nuclear issue. After returning home, Yamasaki told reporters in Tokyo, "I had brief talks with South Korean officials on the future and present state of Japan-South Korea relations. I did not tell Prime Minister Koizumi about my visit to South Korea beforehand."

18) US firm that sent beef containing SRM to Hong Kong cleared Japanese inspection last year

NIHON KEIZAI (Page 5) (Full)
March 14, 2006

A US meat-processing plant that recently shipped beef containing banned bones to Hong Kong has been authorized by the US government to handle Japan-bound beef and had also cleared an inspection by the Japanese government last December to certify beef shipments to Japan. According to informed sources yesterday, The Japanese inspection had concluded: "The meat-processing process is proper." Although Hong Kong and Japan have provided different import conditions, the disclosure of the sloppy processing at a plant authorized to import beef to Japan may affect Japan-US beef negotiations.

Japan reinstated its ban on US beef imports after finding vertebral columns contained in a beef shipment from another plant. Regarding the question of whether the latest ineligible shipment to Hong Kong will affect Japan-US negotiations, Vice Agriculture, Forestry and Fisheries Minister Mamoru Ishihara said in a press conference: "The question is whether the incident is a special case or a structural problem."

The plant in question is owned by leading American meat packer Swift Beef Co. The plant was one of the 11 plants inspected last December by the Japanese government, out of the 40 or so authorized plants in the US. After the inspection, the Japanese government announced. "We found they were processing meat properly."

SCHIEFFER